



Department of Justice

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TWO FORMER ALCATEL EXECUTIVES INDICTED FOR ALLEGEDLY BRIBING COSTA RICAN OFFICIALS TO OBTAIN A TELECOMMUNICATIONS CONTRACT

WASHINGTON – A federal grand jury in Miami has returned a superseding indictment charging an additional former Alcatel executive with making corrupt payments to Costa Rican officials in order to obtain a mobile telephone contract from the state-owned telecommunications authority, in violation of the Foreign Corrupt Practices Act (FCPA), the Department of Justice announced today.

The 10-count superseding indictment returned today charges Edgar Valverde Acosta, a Costa Rican citizen, along with Christian Sapsizian, a French citizen who was previously charged on Dec. 19, 2006, with conspiring to make over \$2.5 million in bribe payments to Costa Rican officials in order to obtain a telecommunications contract on behalf of Alcatel, making corrupt payments, and laundering the bribes through a consultant.

Until Nov. 30, 2006, Alcatel was a French telecommunications company whose American depositary receipts were traded on the New York Stock Exchange. Sapsizian was employed by Alcatel or one of its subsidiaries for over 20 years. At the time of the conduct alleged in the indictment, he was the deputy vice president responsible for Costa Rica. Valverde, Sapsizian's subordinate, was the senior country officer at Alcatel de Costa Rica, Alcatel's local affiliate, which handled Alcatel's day-to-day operations in Costa Rica.

El Instituto Costarricense de Electricidad (ICE), the state-owned telecommunications authority in Costa Rica, was responsible for awarding all telecommunications contracts, including mobile telephone contracts. The superseding indictment alleges that from February 2000 through September 2004, Sapsizian and Valverde conspired to make payments to a member of ICE's Board of Directors, who was also an advisor to a more senior official in the Costa Rican government. The payments were intended to cause the ICE official to exercise his influence to initiate a bid process which favored Alcatel's technology and to vote to award Alcatel a mobile telephone contract. Sapsizian and Valverde are charged with offering the ICE official 1.5 percent to 2 percent of the value of the contract in exchange for the ICE official's efforts in assisting Alcatel to obtain the contract. The superseding indictment further alleges that Sapsizian and Valverde were aware that the ICE official intended to share the corrupt payments with a more senior Costa Rican government official.

Alcatel was in fact awarded a mobile telephone contract in August 2001, which was valued at \$149 million. According to the superseding indictment, Sapsizian and Valverde authorized one of Alcatel's Costa Rican consulting firms, which was managed by another individual, to funnel the payments to the ICE official. Sapsizian and Valverde are charged with conspiring to launder money for allegedly causing Alcatel CIT to wire \$14 million in "commission" payments to the consultant. The consultant, in turn, wire transferred \$2.5 million to the ICE official.

The conspiracy and FCPA charges each carry a maximum sentence of five years in prison. The money laundering charge carries a maximum sentence of 20 years in prison.

An indictment is merely an accusation. A defendant is presumed innocent of the charges and it is the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

The case is being prosecuted by Deputy Chief Mark F. Mendelsohn, and Trial Attorneys Charles Duross and Mary K. Dimke of the Fraud Section of the Criminal Division at the U.S. Department of Justice, Washington. The case is being investigated by the Federal Bureau of Investigation. Assistance was provided by the Southeast Regional Branch of the U.S. Securities and Exchange Commission.

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